

SENATE BILL NO. 190

INTRODUCED BY R. JOHNSON

A BILL FOR AN ACT ENTITLED: "AN ACT SUBMITTING TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII, SECTION 13, OF THE MONTANA CONSTITUTION PROVIDING FOR THE INVESTMENT OF THE ASSETS OF A LOCAL GOVERNMENT GROUP SELF-INSURANCE PROGRAM; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Article VIII, section 13, of The Constitution of the State of Montana is amended to read:

"Section 13. Investment of public funds and public retirement system and state compensation insurance fund assets. (1) The legislature shall provide for a unified investment program for public funds and public retirement system and state compensation insurance fund assets and provide rules therefor, including supervision of investment of surplus funds of all counties, cities, towns, and other local governmental entities. Each fund forming a part of the unified investment program shall be separately identified. Except as provided in subsections (3) ~~and (4)~~ through (5), no public funds shall be invested in private corporate capital stock. The investment program shall be audited at least annually and a report thereof submitted to the governor and legislature.

(2) The public school fund and the permanent funds of the Montana university system and all other state institutions of learning shall be safely and conservatively invested in:

(a) Public securities of the state, its subdivisions, local government units, and districts within the state, or

(b) Bonds of the United States or other securities fully guaranteed as to principal and interest by the United States, or

(c) Such other safe investments bearing a fixed rate of interest as may be provided by law.

(3) Investment of public retirement system assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of an enterprise of a similar character with similar aims. Public retirement system

1 assets may be invested in private corporate capital stock.

2 (4) Investment of state compensation insurance fund assets shall be managed in a fiduciary
3 capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the
4 circumstances would use in the conduct of a private insurance organization. State compensation insurance
5 fund assets may be invested in private corporate capital stock. However, the stock investments shall not
6 exceed 25 percent of the book value of the state compensation insurance fund's total invested assets.

7 (5) Investment of the assets of a local government group self-insurance program established
8 pursuant to state law shall be managed BY THE PROGRAM in a fiduciary capacity in the same manner that
9 a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the
10 conduct of a private insurance organization. A local government group self-insurance program's assets
11 may be invested in private corporate capital stock. However, the stock investments shall not exceed 25
12 percent of the book value of the group self-insurance program's total invested assets."

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14 NEW SECTION. Section 2. Effective date. If approved by the electorate, the amendment in
15 section 1 is effective January 1, 2003.

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17 NEW SECTION. Section 3. Submission to electorate. This amendment shall be submitted to the
18 qualified electors of Montana at the general election to be held in November 2002 by printing on the ballot
19 the full title of this act and the following:

20 [] FOR allowing a maximum of 25% of a local government group self-insurance program's
21 assets to be invested in private corporate capital stock.

22 [] AGAINST allowing a maximum of 25% of a local government group self-insurance
23 program's assets to be invested in private corporate capital stock.

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